



January Session, 2015

Proposed Substitute Bill No. 960

LCO No. 5044

AN ACT ELIMINATING CERTAIN UNUSED TAX CREDITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217e of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015, and*
3 *applicable to income years commencing on or after January 1, 2015*):

4 (a) There shall be allowed as a credit against the tax imposed by this
5 chapter an amount equal to twenty-five per cent of that portion of such
6 tax [which] that is allocable to any manufacturing facility, provided,
7 for any such facility [which] that is located in an enterprise zone
8 designated pursuant to section 32-70 or in a municipality with an
9 entertainment district designated under section 32-76 or established
10 under section 2 of public act 93-311 and [which] that became eligible as
11 a manufacturing facility after the designation of such zone and for
12 which not less than one hundred fifty full-time employees or thirty per
13 cent of the full-time employment positions directly attributable to the
14 manufacturing facility were, during the last quarter of the income year
15 of the taxpayer, held by employees of the taxpayer who at the time of
16 employment were (1) residents of such zone, or (2) residents of such
17 municipality and eligible for training under the Federal
18 Comprehensive Employment Training Act or any other training

19 program that may replace the Comprehensive Employment Training
20 Act, a credit of fifty per cent shall be allowed. A position is directly
21 attributable to the manufacturing facility if: (A) The work is performed
22 or the base of operations is at the facility; (B) the position did not exist
23 prior to the construction, renovation, expansion or acquisition of the
24 facility; and (C) but for the construction, renovation, expansion or
25 acquisition of the facility, the position would not have existed,
26 provided nothing in this section shall preclude a position from being
27 considered directly attributable to a manufacturing facility if such
28 position formerly existed in an eligible manufacturing facility in the
29 same municipality under section 32-9p. For income years commencing
30 on and after January 1, 2012, the credit under this section for that
31 portion of the tax imposed by this chapter [, which] that is allocable to
32 any manufacturing facility shall be available under the same terms and
33 conditions to that portion of such tax [which] that is allocable to an
34 eligible facility. For purposes of this section, "eligible facility" means
35 any facility described in subparagraph (D) of subdivision (2) of
36 subsection (d) of section 32-9p.

37 [(b) There shall be allowed as a credit against the tax imposed by
38 this chapter an amount equal to the following percentage of that
39 portion of such tax which is allocable to any service facility: (1) Fifteen
40 per cent, if there are three hundred or more but not more than five
41 hundred ninety-nine new employees working at such facility; (2)
42 twenty per cent if there are six hundred or more but not more than
43 eight hundred ninety-nine new employees working at such facility; (3)
44 twenty-five per cent, if there are nine hundred or more but not more
45 than one thousand one hundred ninety-nine new employees working
46 at such facility; (4) thirty per cent if there are one thousand two
47 hundred or more but not more than one thousand four hundred
48 ninety-nine new employees working at such facility; (5) forty per cent,
49 if there are one thousand five hundred or more but not more than one
50 thousand nine hundred ninety-nine new employees working at such
51 facility; or (6) fifty per cent if there are two thousand or more new
52 employees working at such facility. As used in this subsection: (A)

53 "New employee" means a person hired by a taxpayer to fill a position
54 for a new job or a person shifted from an existing location of the
55 taxpayer outside this state to a service facility in this state, provided (i)
56 in no case shall the total number of new employees allowed for
57 purposes of this credit exceed the total increase in the taxpayer's
58 employment in this state, which increase shall be the difference
59 between (I) the number of employees employed by the taxpayer in this
60 state at the time of application to the Commissioner of Revenue
61 Services for such credit plus the number of new employees who would
62 be eligible for inclusion under the credit allowed under this subsection
63 without regard to this calculation, and (II) the highest number of
64 employees employed by the taxpayer in this state in the year preceding
65 the taxpayer's application to the Commissioner of Revenue Services for
66 such credit, and (ii) a person shall be deemed to be a "new employee"
67 only if such person's duties in connection with the operation of the
68 facility are on a regular, full-time or equivalent or full-time and
69 permanent basis; and (B) "new job" means a job that did not exist in the
70 business of a taxpayer in this state prior to the taxpayer's application to
71 the Commissioner of Revenue Services for such credit and that is filled
72 by a new employee, but does not include a job created when an
73 employee is shifted from an existing location of the taxpayer in this
74 state to a service facility.]

75 [(c)] (b) The portion of such tax [which] that is allocable to such a
76 manufacturing facility [, service facility] or eligible facility shall be
77 determined by multiplying such tax by a fraction computed as the
78 simple arithmetical mean of the following fractions: First, a fraction the
79 numerator of which is the average monthly net book value in the
80 income year of the manufacturing facility [, service facility] or eligible
81 facility, and machinery and equipment acquired for and installed in
82 the manufacturing facility [, service facility] or eligible facility, without
83 deduction on account of any encumbrance thereon, or if rented to the
84 taxpayer, the value of the manufacturing facility [, service facility] or
85 eligible facility, and machinery and equipment acquired for and
86 installed in the manufacturing facility [, service facility] or eligible

87 facility, computed by multiplying the gross rents payable by the
88 taxpayer for the manufacturing facility [, service facility] or eligible
89 facility, and such machinery and equipment during the income year or
90 period by eight, and the denominator of which is the sum of the
91 average monthly net book value of all real property and machinery
92 and equipment held and owned by the taxpayer in the state, without
93 deduction on account of any encumbrance thereon and the value of all
94 real property and machinery and equipment rented to the taxpayer in
95 the state, computed by multiplying the gross rents payable during the
96 income year by eight; and second, a fraction the numerator of which is
97 all wages, salaries and other compensation paid during the income
98 year to employees of the taxpayer whose positions are directly
99 attributable to the manufacturing facility [, service facility] or eligible
100 facility and the denominator of which is the wages, salaries and other
101 compensation paid during the income year to all employees of the
102 taxpayer in the state. An employee's position is directly so attributable
103 if (1) the employee's service is performed or his base of operations is at
104 the manufacturing facility [, service facility] or eligible facility, (2) the
105 position did not exist prior to the construction, renovation, expansion
106 or acquisition of the manufacturing facility [, service facility] or eligible
107 facility, and (3) but for the construction, renovation, expansion or
108 acquisition of the manufacturing facility [, service facility] or eligible
109 facility the position would not have existed. For the purposes of this
110 subsection, "gross rents" means gross rents as defined in section 12-218.

111 [(d)] (c) The credit allowed by this section may be claimed only by
112 the initial occupant or occupants of the manufacturing facility [, service
113 facility] or eligible facility. The owner of the manufacturing facility [,
114 service facility] or eligible facility may not claim the credit unless the
115 owner is also an occupant. The credit may first be claimed on the tax
116 return for the taxpayer's income year [which] that begins during the
117 calendar year next succeeding the calendar year in which the taxpayer
118 was issued an eligibility certificate, and may be claimed in each of the
119 following nine income years. If within such period, however, any
120 facility for which an eligibility certificate has been issued ceases to

121 qualify as a manufacturing facility [, service facility] or eligible facility,
122 or any occupant of a manufacturing facility [, service facility] or
123 eligible facility ceases to be an occupant, the entitlement to the credit
124 allowed by this section shall terminate in the income year in which the
125 qualification or occupancy ceases, and there shall not be a pro rata
126 application of the credit to such income year.

127 [(e)] (d) Any subsequent occupant or occupants of a manufacturing
128 facility [, service facility] or eligible facility for which an eligibility
129 certificate has been issued may claim the credit allowed by this section
130 in accordance with subsection [(c)] (b) of this section but only after
131 obtaining a new eligibility certificate with respect to the manufacturing
132 facility [, service facility] or eligible facility being occupied in the
133 manner provided in section 32-9r, as amended by this act.

134 [(f)] (e) The Commissioner of Economic and Community
135 Development shall, upon request, provide a copy of the applicable
136 eligibility certificate to the Commissioner of Revenue Services.

137 Sec. 2. Subsections (a) and (b) of section 32-9r of the general statutes
138 are repealed and the following is substituted in lieu thereof (*Effective*
139 *July 1, 2015*):

140 (a) Any person may apply to the department for a determination as
141 to whether the facility described in an application qualifies as a
142 manufacturing facility or service facility. The department shall forward
143 immediately any application concerning a facility located within an
144 airport development zone established pursuant to section 32-75d,
145 including an economic impact statement, to the Connecticut Airport
146 Authority. Applications for eligibility certificates are to be made on the
147 forms and in the manner prescribed by the department. In evaluating
148 each application the department may require the submission of all
149 books, records, documents, drawings, specifications, certifications and
150 other evidentiary items [which] that it deems appropriate. No
151 eligibility certificate shall be issued after March 1, 1991, for a
152 manufacturing facility located in a distressed municipality [which] that

153 does not qualify as a targeted investment community unless the
154 department has issued to the applicant a commitment letter for such
155 facility prior to March 1, 1991. Notwithstanding the provisions of this
156 subsection, an eligibility certificate may be issued by the department
157 after March 1, 1991, for a qualified manufacturing facility acquired,
158 constructed or substantially renovated in a distressed municipality
159 provided the commissioner determines that such acquisition,
160 construction or substantial renovation was initiated prior to March 1,
161 1991, and was legitimately induced by the prospect of assistance under
162 section 12-217e, as amended by this act, [and] or subdivisions (59) and
163 (60) of section 12-81, respectively. The department may issue an
164 eligibility certificate for a qualified manufacturing facility or a
165 qualified service facility located in a targeted investment community
166 upon determination by the commissioner (A) that the acquisition,
167 construction or substantial renovation relating to the qualified
168 manufacturing facility or qualified service facility in such community
169 was induced by the prospect of assistance under section 12-217e, as
170 amended by this act, [and] or subdivisions (59) and (60) of section 12-
171 81; and (B) the applicant demonstrates an economic need or there is an
172 economic benefit to the state. Notwithstanding the provisions of this
173 subsection, on and after October 27, 2011, the Connecticut Airport
174 Authority shall issue an eligibility certificate for a qualified
175 manufacturing facility located in an airport development zone
176 established pursuant to section 32-75d, and may issue an eligibility
177 certificate for a facility described in subparagraph (D) of subdivision
178 (2) of subsection (d) of section 32-9p, upon determination by the
179 authority (i) that the acquisition, construction or substantial renovation
180 relating to the qualified manufacturing facility or facility described in
181 said subparagraph (D) in the airport development zone was induced
182 by the prospect of assistance under section 12-217e, as amended by this
183 act, [and] or subdivisions (59) and (60) of section 12-81; (ii) the
184 applicant demonstrates an economic need and there is an economic
185 benefit to the state without causing an economic detriment to or
186 conflict with an existing zone; and (iii) that the applicant serves an
187 airport-related function or relies substantially on airport services. The

188 department shall issue an eligibility certificate if the commissioner
189 determines (1) that the manufacturing facility is located in an
190 enterprise zone designated pursuant to section 32-70 and is a qualified
191 manufacturing facility, or (2) that the facility is a plant, building, other
192 real property improvement, or part thereof, which is located in a
193 municipality with an entertainment district designated under section
194 32-76 or established under section 2 of public act 93-311, and which
195 qualifies as a "manufacturing facility" under subsection (d) of section
196 32-9p in that it is to be used in the production of entertainment
197 products, including multimedia products, or as part of the airing,
198 display or provision of live entertainment for stage or broadcast,
199 including support services such as set manufacturers, scenery makers,
200 sound and video equipment providers and manufacturers, stage and
201 screen writers, providers of capital for the entertainment industry and
202 agents for talent, writers, producers and music properties and
203 technological infrastructure support including, but not limited to, fiber
204 optics, necessary to support multimedia and other entertainment
205 formats, except entertainment provided by or shown at a gambling or
206 gaming facility or a facility whose primary business is the sale or
207 serving of alcoholic beverages.

208 (b) The department shall reach a determination as to the eligibility
209 of a facility within a reasonable time period, but may postpone the
210 determination to the extent required to verify to its satisfaction that
211 there is a high likelihood that any proposed facility will actually be
212 constructed, expanded, substantially renovated or acquired. Upon a
213 favorable finding, the department shall issue to the applicant a
214 certificate to the effect that the facility concerned is a manufacturing
215 facility or a service facility and is eligible for assistance under section
216 12-217e, as amended by this act, [and] or subdivisions (59) and (60) of
217 section 12-81.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>July 1, 2015, and applicable to income years commencing on or after January 1, 2015</i>	12-217e
Sec. 2	<i>July 1, 2015</i>	32-9r(a) and (b)